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Message Text

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ACTION ARA-14

INFO OCT-01 PA-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /122 W
----------061058 111046Z /10
R 101841Z MAR 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1512

C O N F I D E N T I A L CARACAS 2329

E.O. 11652: GDS
TAGS: ENRG, EINV, VE
SUBJECT: OIL COMPANY PROBLEMS: ASSET DEDUCTIONS
AND THE GUARANTEE FUND

REF: (A) CARACAS 2152, (B) CARACAS 2008

1. FEEEDBACK FROM LOCAL REPRESENTATIVES OF US OIL COM-
PANIES INDICATE THERE MAY STILL BE SOME MISUNDERSTANDING
ON THE PART OF WASHINGTON AGENCIES AS TO THE STATUS OF
THE MONIES REMAINING IN THE GUARANTEE FUND (REF A) AND
THAT THIS INCORRECT INTERPRETATION IS BEING DISCUSSED
WITH INDUSTRY REPRESENTATIVES. LOCAL PHILLIPS REPRESENTA-
TIVE (PLEASE PORTECT) ADVISED EMBASSY MARCH 8 THAT HE HAD RECEIVED
A CALL FROM HIS HEAD OFFICE IN THE US ASKING WHY HE HAD NOT
REPORTED THE RELEASE OF THE FUNDS REMAINING IN THE
GUARNTEE FUND. THE PHILLIPS OFFICIAL IN THE US SAID
HE HAD BEEN TOLD BY AN OFFICIAL OF THE DEPARTMENT OF
ENERGY THAT, ACCORDING TO THE EMBASSY, THE VENEZUELAN
GOVERNMENT HAS NOW RELEASED THE FUNDS STILL HELD IN
THE GUARANTEE FUND.

2. THE RECENT ANNOUNCEMENT BY THE MINISTER OF ENERGY
FIXING THE AMOUNTS TO BE DEDUCTED FROM THE GUARANTEE
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FUND FOR THE RESTORATION, ETC. OF THE ASSETS HAS NOT,
AND WILL NOT RESULT IN THE AUTOMATIC RELEASE OF THE
REMAINDER OF THE FUND. ACCORDING TO THE NATIONALIZATION
LAW, THE FUND IS TO COVER ANY AMOUNT OWED BY THE EX-
CONCESSIONARIES. THIS MAY BE INTERPRETED TO INCLUDE
NOT ONLY THE NOW SETTLED ASSET CLAIMS, BUT ALSO THE
BACK TAX AND COMPTROLLER'S CLAIMS WHICH HAVE BEEN

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EXTENSIVELY REPORTED, AND A VARIETY OF OTHER RE-
LATIVELY SMALL CLAIMS PENDING AGINST THE COMPANIES,
INCLUDING PRIVATE SUITS RELATING TO WAGES, DEMAGES
ETC. AS WE HAVE MADE CLEAR PREVIOUSLY (PARA 6 OF
REF B AND OTHER REPORTING), THE MINISTER OF ENERGY
IS UNLIKELY TO RELEASE THE MONIES REMAINING IN THE
GUARNATEE FUND AFTER THE ASSET CHARGES HAVE
BEEN DEDUCTED WITHOUT THE CONCURRENCE OF THE OTHER
MAJOR POTENTIAL CLAIMANTS, I.E. THE MINISTRY OF FINANCE
AND THE COMPTROLLER'S OFFICE.

3. THE EMBASSY IS CONCERNED BOTH BY THE REPORTED
MISUNDERSTANDING ON THE PART OF WASHINGTON AGENCIES
AS TO THE STATUS OF THE FUND AND BY THE APPARENT RELEASE
OF THIS INFORMATION AND ITS ATTRIBUTION TO THE
EMBASSY. MUCH OF THE INFORMATION WE HAVE REPORTED
TO DATE ON THE PROGRESS OF THESE ISSUES HAS BEEN
PROVIDED IN CONFIDENCE BY GOVERNMENT OFFICIALS AND
COMPANY REPRESENTATIVES, AND TO THE EXTENT IT REFERS
TO THE STATUS OF SPECIFIC COMPANIES, IS CONSIDERED
TO BE PROPRIETARY INFORMATION. IF THESE SOURCES COME
TO BELIEVE THAT THIS IFORMATION, ONCE REPORTED TO
WASHINGTON, QUICKLY BECOMES AVAILABLE TO OTHERS IN
THE INDUSTRY, THEY ARE LIKELY TO BE FAR LESS WILLING
TO PROVIDE IT IN THE FIRST PLACE.
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